

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
NOVEMBER 19, 2015
SOMERSET ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:30 A.M.

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the proper notifications were made to the Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. Board President, Daniel Geltrude called the meeting to order at 9:30 A.M. The following roll call was taken:

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| Richard C. Barlotta, PA | Present |
| Jorge A. Caballero, CPA | Present |
| John F. Dailey, Jr., CPA | Present |
| Sara L. DeSmith, CPA | Present |
| Daniel J. Geltrude, CPA | Present |
| Dennis C. Meyerson, PA | Present |
| David J. Milkosky, CPA | Present |
| Harold Model, CPA | Present |
| Ainsley A. Reynolds, CPA | Present |
| Michael H. Runge, CPA | Present |

Also present at the meeting were Khaled Madin, Acting Executive Director; Tobey Palan, Deputy Attorney General, Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Frank Boutillette, President, NJCPA; Mike Polito, Past President, NJCPA and David Plaskow, Editor, NJCPA

II Minutes of the Meeting of September 17, 2015

On a motion made by Richard Barlotta, seconded by David Milkosky, the Board voted to approve the October 15, 2015 Public Session minutes with corrections. The vote of the Board was unanimous.

III President's Remarks

Board President Geltrude had no report for the Board.

IV Executive Director's Remarks

Executive Director Madin introduced Quinn Archer, the new Executive Director for the Board of Mortuary Science and the Cemetery Reporting. Executive Director Archer would be present at the meeting to observe.

Executive Director Madin also mentioned some limitation on the newsletter.

V New Business

A Kenneth Adumekwe, Director, Risk Management, KPMG

An email was received from Mr. Adumekwe regarding individual and firm licensing questions.

On a motion made by John Dailey, seconded by Ainsley Reynolds, the Board voted to inform Mr. Adumekwe that the Board disagrees with his conclusion that the home office is automatically the place of the corporation based on limited set of facts. If the home state is in New Jersey, the individual that is performs audit engagements, must have a New Jersey license or practice privileges. The vote of the Board was unanimous.

VI Committee Reports

A CPA Examination Committee

Harold Model informed the Board that a lengthy discussion occurred regarding the exam changes. The Board has until the end of November to make any comments. Mr. Dailey informed the Board that the has a list of things that the

Committee should consider, that were discussed during a recent conference he had attended. Mr. Dailey will provide the information to Mr. Model.

B CPE & Ethics Committee

Jorge Caballero informed the Board that the Committee met on November 13 to discuss three items. The New Jersey Society provided updated materials to reflect recent changes to their course, which were for informational purposes.

Mr. Caballero reported that two submissions were received – 1) Surgent McCoy and 2) Fraud Forces. Mr. Caballero reported that neither course was approved. There were changes that the Committee recommended to Executive Director Madin to provide to both individuals.

Mr. Caballero also reported that a late submission was received from Institute for Professional Development. The course was deficient in following the rules that have been established. Executive Director will send the provider a letter informing them that the course is not approved as submitted.

C RMA Committee

John Dailey informed the Board that he would not be able to assist with the proctoring of the RMA exam. He will be attending a NASBA meeting Nashville. Mr. Model volunteered to assist from 8:30 a.m. to 1 p.m., Mr. Caballero informed the Board that he may be able to cover but must leave by 1 p.m. and Ms. DeSmith informed that she would cover from 11:00 a.m. to 1:00 pm.

Mr. Dailey also informed the Board that he had reviewed the exam and sent back comments regarding some technical corrections. Mr. Dailey suggested to Executive Director Madin that the RMA application be placed on the Board website. There were 17 candidates scheduled to sit for the RMA exam on Friday, December 4, 2015.

D Peer Review Oversight Committee

Sara DeSmith reported that tele-conference meeting was held on October 15, 2015 and the following matters were discussed:

A licensee Frank R. Lancetta had two consecutive fails that triggered the Accelerated Review requirement November 6, 2014 and has failed to respond to the Board's request for a response. The licensee did renew his firm registration on May 22, 2015. The PROC recommends that the Board send a follow-up letter via certified mail requesting a response regarding his compliance with the

Accelerated Review and result. Further failure to respond may result in the licensee being brought in for an Investigative Inquiry.

The firm Wexler and Wexler, CPAs was issued an Accelerated Review letter on October 17, 2014. A response was received by the Board with their intentions for compliance, by March 31, 2016, but the Board staff noted that the firm has withdrawn from the AICPA's Peer Review program. The PROC recommends sending a letter inquiring which Peer Review program they have now enrolled in.

The firm E Coppock, LLC was issued an Accelerated Review letter on August 5, 2015. A response was received by the Board indicating that they no longer perform any services triggering Peer Review requirements and they intend to withdraw from the Peer Review program. The PROC recommends the Board send a letter informing the firm that they must file the annual request for exemption form.

The firm Bluth and Zukofsky was issued an Accelerated Review letter on October 20, 2014. A response was received by the Board and they have complied with the Accelerated Review and received a pass grade.

The PROC reviewed a list of eight firms that have triggered the need for Accelerated Review for the first time, due to two consecutive grades either pass with deficiencies or fail. The PROC recommends that the Board send letter to the firms instructing them that the Board is aware of their status and to respond to the Board with their plan for compliance.

The PROC reviewed a list of 22 firms that had received firm time grades of either pass with deficiencies' 10 or 12 fails. This information was for information purposes.

The PROC reviewed one request for exemption from Peer Review requirements. The licensee, Alfonse N. Giordano, had performed one compilation engagement on a tax basis during the past year and has no intention of providing similar or attestation services in the future. The PROC recommends that exemption be granted and the licensee be informed that this is a one-time exemption. If they complete any new engagements within the scope of Peer Review requirements, they will need to enroll in Peer Review.

PROC member Andrew DuBoff had not observed any RAB meetings of the New Jersey Society during the quarter but would do so prior to the next PROC meeting in January 2016.

E Education & Reciprocity Committee

Ainsley Reynolds had no report.

F Nominating Committee

Dennis Meyerson had no report.

G Statute/Rules/Regulations Committee

Richard Barlotta reported that a Committee meeting will be held between January and March 2016. The Committee meeting for December 2015 was cancelled.

H Monitoring Profession Committee

David Milkosky reported to the Board that Executive Director Madin has several pending emails out to NASBA regarding the CPE monitoring program.

I Communications Committee

John Dailey reported that he is still working on the newsletter and that some progress has been made.

VII Public Comments

Ralph Albert Thomas, CEO & Executive Director of the New Jersey Society of CPAs (NJCPA). First and foremost, wished everyone all the best for an enjoyable Thanksgiving holiday.

Since the last Board of Accountancy meeting in October, the NJCPA has been involved in the following activities:

- The Society's AICPA Council delegation attended the Fall Meeting of AICPA Council, which was held in Maui. Key issues addressed at the Council meeting were: updates on Audit Quality and conversations held with the DOL and next steps regarding its review of Employee Benefit Plan Audits; the proposal to open the CGMA designation in North America to non-CPAs and the recently issued exposure draft pertaining to proposed changes to the CPA Exam. During the meeting, AICPA Council voted overwhelmingly to open the CGMA designation to non-CPAs in the Americas. Non-CPAs who pass the required examinations and

obtain three years of managerial experience would become non-voting associate members of the AICPA.

- The Society formed a task force of accounting educators to draft a comment letter regarding the proposed changes to the CPA Exam. The comment letter focused on concerns that the 18 month cycle was not increased. Currently, once Exam candidates pass a part of the Exam they must complete the remaining parts in 18 months to avoid losing parts previously passed. Additionally, the paper will address concerns the academic community may have regarding potential impact on accounting curriculums because of the proposed Exam changes.

- As previously mentioned, the Society was involved in the September Business Summit Meeting held in Atlantic City and joined a new coalition of 40 plus business associations post the meeting. The coalition was formed to follow up on the recommendations that came out of the Summit. The Society was asked to be on the coalition steering committee which ultimately met individually with legislative leaders Senate President Sweeney, Assembly Speaker Prieto, Senate Minority Leader Senator Kean and Assembly Minority Leader Assemblyman Bramnick. The two issues this new coalition wants legislative leaders to address in the legislative session beginning in mid January 2016 are: reform of New Jersey's estate and inheritance taxes and funding of the Transportation Trust Fund, which is scheduled to go bankrupt for all intents and purposes effective June 30, 2016. The goal and objectives of the coalition will be to identify policy and process changes that can stimulate business growth in New Jersey and keep New Jerseyans in New Jersey.

On a motion made by Richard Barlotta, seconded by Jorge Caballero, the Board voted to adjourn the Public Session meeting at 10:00 A.M. to reconvene in Executive Session to discuss the results of the Investigative Inquiry, two New Business matters, three Old Business matters, the PCAOB reports and two Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

Khaled Madin
Executive Director